

TIME WARNER

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Vice President-Law
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January 20, 1995

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William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: CC Docket Nos. 80-286, 87-313, 89-79, 91-141, 91-213 and 92-237

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

This is to notify you that on January 19, 1995, Tom Morrow, Janis Stahlhut, Tim Boggs and the undersigned, representing Time Warner, met with Common Carrier Bureau Chief Kathleen Wallman and members of her staff. The purpose of the meeting was to present Time Warner Communications' views on local telephone exchange competition. During the presentation, we referred to matters in the referenced proceedings, as reflected in the attached hand-out.

I am filing two copies of this notice in each referenced proceeding in accordance with Section 1.1206(a) of the Commission's rules. Please contact me if you have any questions concerning this matter.

Sincerely,

Carol A. Melton

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Attachment

CC (w/o attachment):

Kathy Wallman
Richard Metzger
Kathleen Levitz
Jill Ross Meltzer

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Local Competition

Time Warner Communications
January 19, 1995

What is the state of local competition?

- ◆ LECs have won entry into cable through the courts and VDT approvals

Meanwhile,

- ◆ Local telephony competition still hinges on major public policy reform

How do LECs block competition?

Even with entry barriers removed:

- ◆ left unchecked, they impose *uneconomic interconnection charges*
- ◆ they hold the power to *cross subsidize*
- ◆ they maintain bottleneck *control of key network functionality*: numbering, databases
- ◆ they hold *universal service* hostage to the “keep us whole” and “go slow” mentality

What do new entrants need to be successful?

- ◆ new entrants must be able to bargain from a position of strength in regards to:
 - ◆ interconnection
 - ◆ number portability, assignment and administration
 - ◆ access to bottleneck network functionality and databases

Interconnection Paradigms:

3 Negotiation Postures

Rochester

- ◆ “Hearts and Minds” of leaders fully engaged
- ◆ RTC team empowered
- ◆ Allowed input to tariff language affecting TWC
- ◆ Openly embrace challenge of competition: fully expects to be a powerful competitor and to retain market share

Ameritech

- ◆ Not sure where “Hearts & Minds” of leaders are
- ◆ Team not empowered to discuss interconnection which does not follow an IXC or cellular model.
- ◆ Wants to position TWC only as a reseller
- ◆ Bunker mentality

NYNEX

- ◆ is somewhere in between

What should the FCC do?

On interconnection:

- ◆ Adopt policies that require LECs to provide interconnection on terms that do not threaten the economic viability of competing services.
 - ◆ Actively monitor LEC tariff rates
- CC Docket No. 91-141, expanded interconnection; tariff investigations
- ◆ Caucus with state regulators to extend viability to intrastate and local interconnection rates
 - ◆ Bill and keep compensation can't be manipulated by LECs!

What should the FCC do?

On numbering:

- ◆ Use plenary authority to insure earliest possible implementation of effective local number portability and administration

CC Docket 92-237, NANP and number portability

- ◆ Price interim measures to penalize for inferior service.
- ◆ Take control of numbering plans out of the hands of LECs.
- ◆ Require identical dialing sequences and NPAs for similar calls.
- ◆ Caucus with state regulators

What should the FCC do?

On universal service

- ◆ Reform universal service ground rules as model for states
 - ◆ Quantify existing subsidies
 - ◆ Develop database with common set of numbers
 - ◆ Utilize existing record
 - ◆ Cost recovery a function of Commission fact-finding, not LEC claims of need.

CC Docket 80-286, high cost fund, data request; NTIA NOI

What should the FCC do?

On incumbent LEC regulation

- ◆ Continue to regulate dominant LEC providers
 - ◆ No further freedom until they are subject to *effective* competition
 - ◆ No additional pricing flexibility until. . .
 - ◆ No easing of cost support requirements until. . .

CC Dockets: 87-313 price caps; 89-79 cost support; 91-141 expanded interconnection; 91-213 transport volume discounts